
Washington Suburban Sanitary Commission

MISSION STATEMENT

The Washington Suburban Sanitary Commission (WSSC) is a bi-county governmental agency established in 1918 by an act of the Maryland General Assembly. It is charged with the responsibility of providing water and sanitary sewer service within the Washington Suburban Sanitary District which includes most of Montgomery and Prince George's Counties. In Montgomery County, the Town of Poolesville and portions of the City of Rockville are outside of the District.

WSSC PROPOSED BUDGET

The WSSC proposed budget is not detailed in this document. The WSSC budget may be obtained from WSSC's Budget Group at the Headquarters Building, 14501 Sweitzer Lane, Laurel, Maryland 20707, phone 301.206.8110 or from their website at www.wssc.dst.md.us.

Prior to January 15 of each year, the Commission prepares preliminary proposed capital and operating budgets for the next fiscal year. On or before February 15, the Commission conducts a public hearing. The Commission then prepares and submits the proposed capital and operating budgets to the County Executives of Montgomery and Prince George's Counties by March 1.

By March 15 of each year, the County Executives of Montgomery and Prince George's Counties are required by law to transmit the proposed budgets, recommendations on the proposed budgets, and the record of the public hearing held by WSSC to their respective County Councils.

Each County Council may hold public hearings on the proposed budgets of WSSC, but no earlier than 21 days after receipt from the County Executive. Each County Council may add to, delete from, increase, or decrease any item in either budget. Additionally, each County Council is required by law to transmit by May 15 any proposed changes to the other County Council for review and concurrence. The failure of both Councils to concur on changes constitutes approval of the item as originally proposed by WSSC. Should the County Councils fail to approve the budgets on or before June 1 of each year, the proposed budgets of WSSC are adopted.

HIGHLIGHTS

- * Operate and maintain a system of 3 reservoirs impounding 14 billion gallons of water, 3 water filtration plants, 7 wastewater treatment plants, 5,400 miles of water main, and 5,300 miles of sewer main 24 hours a day, 7 days a week.
- * Meet or surpass all Federal and State water and wastewater quality standards and permit requirements.

* Expand the Sewer Rehabilitation Program and continue the Water Rehabilitation Program.

* Comply with the Sanitary Sewer Overflow Consent Order.

* Create a 30-year infrastructure plan coupled with a 10-year fiscal plan.

Spending Control Limits

Last Fall, the Councils approved FY08 Spending Control Limits for WSSC. The Spending Control Limits process requires the Counties to set annual ceilings on WSSC's water and sewer rates and debt (both bonded indebtedness and debt service), and then adopt corresponding limits on the size of the capital and operating budgets. As required by Council resolution, both Councils must agree on guidelines by November of each year. The two Councils must not approve capital and operating budgets in excess of the approved spending control limits unless a majority of each Council votes to approve them. If the two Councils cannot agree on expenditures above the spending control limits, they must approve budgets within these limits.

The table below shows Spending Control Limits for FY08 adopted by the Councils compared to the WSSC proposed budget and the County Executive's recommendations. A limit of 5.3 percent was adopted by the two Councils as an appropriate ceiling for the FY08 water and sewer rate increase.

WSSC's Proposed Budget technically complies with Spending Control Limits. It is also premised on an increase in the Ready to Serve Charge (formerly the Account Maintenance Fee) to generate an additional \$6.7 million in revenue. The County Executive does not support the increase in the Ready to Serve Charge. Therefore, as the table below indicates, the County Executive recommends reducing WSSC's proposed water and sewer operating expenses by \$6.7 million, from \$450.6 million to \$443.9 million.

Spending Control Limits Comparison			
\$ in millions	Spending Control Limits	WSSC Proposed	CE Recommended
Water/Sewer rate increase	5.3%	5.3%	5.3%
New debt*	\$164.0	\$143.6	\$143.6
Debt Service (d.s.)	\$161.2	\$159.2	\$159.2
Water/Sewer Op. Exp. (inc. d.s.)	\$460.8	\$450.6	\$443.9

* New debt includes a system completion factor of 80%

FY08 COUNTY EXECUTIVE RECOMMENDATIONS

Capital Budget

Expenditures

The County Executive recommends WSSC's Proposed Capital Budget which reflects the Agency's mid-cycle update to its Proposed FY08-13 CIP. This is consistent with the County Executive's recommendations on WSSC's FY08-13 CIP, which included, in FY08, a \$23.3 million decrease in the Blue Plains

Advanced WWTP project estimates to align with amounts proposed by the District of Columbia's Water and Sewer Authority (WASA), as well as a one-year deferral of the Patuxent Water Filtration Phase II Project. Given fiscal constraints, the County Executive supports the Commission's \$10.5 million annual reduction in its Water Reconstruction Program from what was displayed in its Proposed CIP as an "Information Only" project. However, the County Executive is supportive of the Agency's plan to develop long-term infrastructure and fiscal plans and looks forward to working with the Commission and Prince George's County to develop funding alternatives for infrastructure reinvestment.

Operating Budget

Expenditures

The County Executive recommends a decrease in expenditures of \$6.7 million as explained in the Spending Control Limits section above. The FY08 WSSC Operating Budget is influenced, in part, by the level of expenditures authorized in the first year of the FY08-13 CIP and other expenditures in the WSSC Capital Budget. The operating budget includes expenditures for debt service on bonds that finance the construction of CIP projects, lateral water and sewer lines (which carry water or wastewater to and from a dwelling or business), and other capital projects.

Fiscal projections for all funds and budgets are shown below. Six year projections for the Water and Sewer Operating budget are shown in the display on the following page.

Expenditure by Category - Executive Recommended FY08							
	WSSC Total Actual FY06	WSSC Total Approved FY07	WSSC Total Proposed FY08	CE Capital Rec. FY08	CE Operating Rec. FY08	CE Total Rec. FY08	% Chg. Req./ Rec.
Expenditure Categories							
Salaries and Wages	91,080	101,140	108,859	20,500	88,359	108,859	0.0%
Heat, Light, & Power	19,350	20,251	22,271	0	22,271	22,271	0.0%
Sewage Disposal	38,281	37,502	38,627	0	38,627	38,627	0.0%
Contract Work	69,772	123,908	133,335	133,335	0	133,335	0.0%
Consulting Engineers	11,962	23,217	37,136	37,136	0	37,136	0.0%
All Other	191,900	222,322	234,021	90,512	143,509	234,021	0.0%
Debt Service	215,419	228,761	235,339	98	235,241	235,339	0.0%
Unspecified Reductions	0	0	0	0	(6,700)	(6,700)	N/A
Total Budget	637,764	757,101	809,588	281,581	521,307	802,888	-0.8%

Note: Expenditures include water, sewer, and interest and sinking funds

PROGRAM CONTACTS

Contact Sheila Cohen of the Washington Suburban Sanitary Commission at 301.206.8167 or Jacqueline Carter of the Office of Management and Budget at 240.777.2771 for more information regarding this agency's capital and operating budgets.

WSSC PROPOSED: FORECAST FOR WATER & SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY07 ESTIMATED	FY08 PROPOSED	FY08 RECOMMENDED	FY09 PROJECTION	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION
ASSUMPTIONS (\$000)								
New Water/Sewer Debt	\$113.7	\$143.6	\$143.6	\$179.0	\$217.7	\$234.3	\$220.0	\$218.2
Total Water/Sewer Operating Expenses	\$411.8	\$450.6	\$443.9	\$479.3	\$513.1	\$539.6	\$575.1	\$606.3
Debt Service	\$151.8	\$159.2	\$159.2	\$173.8	\$191.1	\$200.6	\$215.8	\$229.9
Total Water/Sewer Bill Increase	3.0%	5.3%	5.3%	9.9%	8.6%	6.7%	7.2%	5.7%
BEGINNING FUND BALANCE	55,297	55,436	55,436	46,046	38,108	32,898	32,498	32,498
REVENUES								
Water & Sewer Rate Revenue	349,000	372,114	372,114	410,271	447,020	478,175	514,262	545,278
Interest Income	6,200	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Ready to Serve Charge (Water and Sewer Reconstruction)		6,700	0	0	0	0	0	0
Account Maintenance Fee (Service Chg)	22,400	22,650	22,650	22,850	23,050	23,250	23,450	23,650
Miscellaneous	19,995	18,000	18,000	18,140	18,280	18,420	18,560	18,700
Total Revenues	397,595	424,964	418,264	456,761	493,850	525,345	561,772	593,128
SDC Debt Service Offset	2,809	2,711	2,711	2,612	2,498	2,398	2,293	2,191
Reconstruction Debt Service Offset	10,000	12,000	12,000	12,000	11,500	11,500	11,000	11,000
Use of Prior Year Net Revenue	10,412	10,890	10,890	7,938	5,210	400	0	0
TOTAL FUNDS AVAILABLE	420,816	450,565	443,865	479,311	513,058	539,643	575,065	606,319
EXPENDITURES								
Salaries and Wages	81,000	87,727	87,727	92,114	96,721	101,558	106,637	111,970
Heat, Light, and Power	20,900	22,684	22,684	23,792	24,979	25,973	29,374	30,876
Regional Sewage Disposal	37,502	38,627	38,627	39,786	40,979	42,209	43,475	44,779
Debt Service	144,000	159,231	159,231	173,783	191,050	200,608	215,818	229,945
Debt Reduction (PAYGO)	1,482	0	0	0	0	0	0	0
All Other	126,881	142,296	142,296	149,836	159,329	169,295	179,761	188,749
Unspecified Reductions			(6,700)					
TOTAL USE OF RESOURCES	411,765	450,565	443,865	479,311	513,058	539,643	575,065	606,319
REVENUE/EXPENDITURE SURPLUS/(GAP)	9,051	0	0	0	0	0	0	0
YEAR END FUND BALANCE w/o additional \$1.5 m reserve	53,936	44,546	44,546	38,108	32,898	32,498	32,498	32,498
Additional \$1.5 million Reserve Annual Contribution	1,500	1,500	1,500	0	0	0	0	0
TOTAL YEAR END FUND BALANCE	55,436	46,046	46,046	38,108	32,898	32,498	32,498	32,498
Debt Service as a Percent of Budget	35.0%	35.3%	35.9%	36.3%	37.2%	37.2%	37.5%	37.9%
Estimated Water Production (MGD)	168.5	168.5	169.0	169.5	170.0	170.5	171.0	171.5
5% Reserve (water and sewer revenue)	17,450	18,606	20,514	22,351	23,909	25,713	27,264	27,264
Accumulated Add'l Reserve - \$1.5M annual contribution since FY04	6,000	7,500	9,000	9,000	9,000	9,000	9,000	9,000

Assumptions:

1. FY09-13 reflects WSSC's multi-year forecast and assumptions which are not adjusted to conform with the County Executive's Recommended CIP for WSSC. The projected future expenditures, revenues, and fund balances may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed here.
2. The County Executive's operating budget recommendation is for FY08 only and includes the revenue and resource assumptions of that budget.